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DEPARTMENT OF COMMERCE

International Trade Administration

(C-552-819)

Certain Steel Nails From the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Department) has determined that countervailable subsidies are being provided to producers and exporters of certain steel nails (nails) from the Socialist Republic of Vietnam (Vietnam). For information on the estimated countervailing duty rates, *see* the “Suspension of Liquidation” section, below.

DATES: Effective Date: (Insert date of publication in the *Federal Register*).

FOR FURTHER INFORMATION CONTACT: Sergio Balbontin, Thomas Schauer, or Shane Subler, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6478, (202) 482-0410, and (202) 482-0189, respectively.

SUPPLEMENTAL INFORMATION

Background

The petitioner in this investigation is Mid Continent Steel & Wire, Inc. The period for which we are measuring subsidies, or period of investigation, is January 1, 2013, through December 31, 2013.

Case History

The events that have occurred since the Department published the *Preliminary Determination* on November 3, 2014,¹ are discussed in the Issues and Decision Memorandum.² The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>. The Issues and Decision Memorandum is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is certain steel nails from Vietnam. For a full description of the scope of the investigation, see Appendix I to this notice.

Since *the Preliminary Determination*, several interested parties (*i.e.*, IKEA Supply AG, The Home Depot, Target Corporation, and Petitioner) commented on the scope of these investigations. The Department reviewed these comments and made certain changes. For further discussion, see the Issues and Decision Memorandum. The scope in Appendix I reflects all modifications to the scope made by the Department for this final determination.

¹ *Certain Steel Nails From the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 79 FR 65184 (November 3, 2014) (*Preliminary Determination*) and accompanying Memorandum, "Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation of Certain Steel Nails from the Socialist Republic of Vietnam" (Preliminary Decision Memorandum).

² See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations from James Maeder, Office Director, Office I, "Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Steel Nails from the Socialist Republic of Vietnam" dated concurrently with this notice (Issues and Decision Memorandum).

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Issues and Decision Memorandum. Attached as Appendix II is a list of the issues that parties have raised and to which we have responded in the Issues and Decision Memorandum.

Use of Adverse Facts Available

For purposes of this final determination, we have relied on facts available and applied adverse inferences, in accordance with sections 776(a) and (b) of the Act, to determine the subsidy rates for the mandatory respondents. For a full discussion of these issues, *see* the Decision Memorandum, at “Use of Facts Otherwise Available and Adverse Facts Available.”

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a countervailing duty rate for the two individually investigated producers/exporters of the subject merchandise, Region Industries Co., Ltd. (Region) and United Nail Products Co. (United). With respect to the all-others rate, section 705(c)(5)(A)(ii) of the Act provides that if the countervailable subsidy rates established for all exporters and producers individually investigated are determined entirely in accordance with section 776 of the Act, the Department may use any reasonable method to establish an all-others rate for exporters and producers not individually investigated. In this case, the rates calculated for the investigated companies are based entirely on adverse facts available under section 776 of the Act. Because there is no other information on the record, we based the

all-others rate on the AFA rates calculated for Region and United, consistent with our practice.³

We calculated the all-others rate using a simple average of Region's and United's rates.

We determine the total estimated net countervailable subsidy rates to be:

Company	Subsidy Rate
Region Industries Co., Ltd.	288.56 percent
United Nail Products Co. Ltd.	313.97 percent
All Others	301.27 percent

As a result of our affirmative *Preliminary Determination*, pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise from Vietnam which were entered or withdrawn from warehouse, for consumption on or after November 3, 2014, the date of the publication of the *Preliminary Determination* in the *Federal Register*.

In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered, or withdrawn from warehouse, on or after March 3, 2015, but to continue the suspension of liquidation of all entries from November 3, 2014, through March 2, 2015.

We will issue a countervailing duty order and reinstate the suspension of liquidation under section 706(a) of the Act if the United States International Trade Commission (ITC) issues a final affirmative injury determination, and we will instruct CBP to require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above.

³ See *Raw Flexible Magnets from the People's Republic of China: Affirmative Countervailing Duty Determination*, 73 FR 39667 (July 10, 2008); *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Argentina*, 66 FR 37007, 37008 (July 16, 2001); *Final Affirmative Countervailing Duty Determination: Prestressed Concrete Steel Wire Strand From India*, 68 FR 68356, 68357 (December 8, 2003).

If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: May 13, 2015.

Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is certain steel nails having a nominal shaft length not exceeding 12 inches.⁴ Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of this investigation are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (*e.g.*, furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40,

⁴ The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

Also excluded from the scope of this investigation are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of this investigation are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of this investigation are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of this investigation are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of this investigation are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to this investigation are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to this investigation also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

List of Comments and Issues in the Issues and Decision Memorandum

- I.** Summary
- II.** Background
- III.** Scope Comments
- IV.** Scope of the Investigation
- V.** Subsidies Valuation
- VI.** Use of Facts Otherwise Available and Adverse Facts Available
- VII.** Analysis of Programs
- VIII.** Analysis of Comments
 - Comment 1 Whether the Respondents Cooperated to the Best of their Ability and Should Be Subject to Adverse Facts Available
 - Comment 2 Whether the Department's Post-Preliminary Application of Adverse Facts Available with Respect to Land Preferences for Enterprises in Encouraged Industries or Industrial Zones was Justified
 - Comment 3 Whether the Department's Preliminary Application of Adverse Facts Available with Respect to Import Duty Exemptions for Raw Materials was Justified
- IX.** Recommendation

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